

## Indiana starting to spend down CARES Act money

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The state of Indiana has started to spend down its federal coronavirus aid, with just over two months left to allocate the funding.

Indiana Office of Management and Budget Director Cris Johnston told the State Budget Committee on Tuesday that as of Oct. 15, the administration had either already spent or committed to spending about \$1.7 billion of the \$2.4 billion the state received from the federal Coronavirus Relief Fund, which was established in the Coronavirus Aid Relief and Economic Security Act.

That leaves about \$700 million—a significant drop from [about a month ago](#) when the state still had \$1.3 billion remaining—that must be used for pandemic-related costs incurred before Dec. 30.

Gov. Eric Holcomb's administration has been slow to spend the federal aid, as officials waited on more guidance from the federal government on what would be considered eligible expenses and whether Congress would adjust the timeline for when the money could be spent or send states more aid.

The funding cannot be used for revenue replacement or expenses already in the state budget.

Johnston said on Tuesday that state officials have received more clarity on a couple of spending questions, including confirmation that the federal dollars can be used to reimburse payroll expenses for public health and safety employees. That is estimated to be near \$500 million through the end of the year for the state, he said.

Also, within the past month, the state has allocated an additional:

- \$200 million to the Indiana State Health Department for testing and contact tracing costs;
- \$150 million to the Indiana Family and Social Services Administration for residential and home health providers, nursing facilities, safe recovery sites and operational costs;
- \$25 million for the Workforce Ready Grant Program and Employer Training Grant Program;
- \$44 million to the Indiana Economic Development Corp. for the personal protective equipment marketplace and [small business grant program](#);
- \$11 million to the Indiana Department of Child Services for a grant assistance program;

- and \$4 million to the Indiana Department of Agriculture for a meat processing grant program.

With all the additional spending accounted for, the state still has about \$700 million remaining, but Holcomb's administration continues to hope for more flexibility on how and when the dollars could be used.

For example, if the money is allowed to be spent on costs incurred in 2021, the state could continue to use the funding on payroll expenses for public health and safety employees, Johnston said.

Indiana officials are also considering allocating the funding toward the state's unemployment insurance trust fund, which was recently depleted.

Johnston said the federal government recently confirmed that reimbursing an unemployment insurance fund is considered an eligible expense.

The state has started borrowing from the federal government to provide unemployment benefits to jobless Hoosiers, and so far, that has added up to about \$40 million, but that is expected to increase to about \$300 million by the end of the year.

The borrowed funds are interest free until the end of the year, but unless Congress takes action to extend that, interest will be charged next year. Johnston said that is factoring into their decision on whether to use the CARES Act money for the unemployment trust fund or not.